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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Exploration for Gold in the Canuck and Geita Areas,
South of Lake Victoria (URT/88/N01)

Recommendation of the Administrator

I. BACKGROUND

1. In January 1987, the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) received a request from the Government of the United Republic of Tanzania for assistance in mineral exploration. In response to that request, the Revolving Fund's technical staff, accompanied by independent consultants, carried out identification missions to select areas with the best chances of exploration success.

2. Following the identification missions, the areas of Canuck and Geita were selected as being suitable for a Revolving Fund project. The areas are located within a radius of 175 kilometres from the town of Mwanza, situated on the southern shore of Lake Victoria.

3. Both the Canuck and Geita areas lie within greenstone belts which are geologically favourable for hosting economic deposits of gold. Previous exploration work in the area had provided sufficient evidence of the presence of gold mineralization in the selected areas. This evidence has been strengthened by the presence of other gold deposits in a similar geological environment which have attracted private sector investment. Additionally, this will be the first UNRFNRE commitment to assist in the development of mineral resources in the region of the Southern African Development Coordination Conference (SADCC). For the above reasons, the project is considered important and appropriate for financing by the Revolving Fund.

4. The Revolving Fund is finalizing environmental guidelines which will be used by the Government to assess the potential environmental impact of any future mining activity resulting from a successful project.

II. THE PROJECT

5. The objective of the project will be the identification of gold deposits in two areas, aimed at bringing them to a stage where they would attract investment. The areas selected are Area I, Canuck, in the Nzega greenstone belt; and Area II, Geita, in the Geita greenstone belt.

6. The Minimum Work programme will include the following activities in each area:

(a) Compilation and review of all the existing data on geophysics, geochemistry, geology and drilling;

(b) Detailed geological, geophysical and geochemical surveys as appropriate to confirm known auriferous zones and to identify new promising gold-bearing areas;

(c) Trenching and pitting of anomalous zones identified by work carried out in (b) above to locate targets for drilling;

(d) Diamond drilling as warranted to better define the lateral and vertical extensions of known gold mineralization and to investigate the approximate extent and grades of mineralization identified from detailed work carried out in (b) and (c) above.

7. In carrying out the Minimum Work described above, the Revolving Fund will expend the equivalent of $1,670,000 to finance the services of nationally and internationally recruited staff, as well as to provide the necessary equipment, supplies and supporting services.

8. If the results of the Minimum Work are favourable, in order to define and evaluate more accurately the economic potential of individual deposit(s) to the point where, in the opinion of the Revolving Fund, development investment can be attracted, it is estimated that an additional expenditure of up to $1,500,000 will be required.

III. FINANCIAL DATA

UNRFNRE allocation	$
Minimum Work	1 670 000
Possible additional expenditure for further activities following the Minimum Work	1 500 000
Total possible cost of the project	3 170 000

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9. It should be noted that the Administrator of the United Nations Development Programme (UNDP), in accordance with Governing Council decision 80/29 of 26 June 1980, approved the Minimum Work for the project on 10 April 1990. The financial assets of the Revolving Fund are adequate to meet the cost of the project.

IV. RECOMMENDATION OF THE ADMINISTRATOR

10. In light of the above, the Administrator recommends that the Governing Council take note of the approval by the Administrator of the Minimum Work for the project, Exploration for Gold in the Canuck and Geita Areas, South of Lake Victoria (URT/88/NO1) in the United Republic of Tanzania, at a cost of $1,670,000 as an obligation of the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE). In addition, the Administrator recommends that the Governing Council approve possible additional expenditure, estimated at $1,500,000, for further activities following the Minimum Work.